

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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R 130220Z FEB 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2691

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

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EO 11652: NA

TAGS: ENRG ID TH

SUBJECT: THAI-INDONESIAN PETROLEUM DISCUSSIONS

REF: (A) JAKARTA 1131, (B) BANGKOK 1777, (C) BANGKOK 1428

1. CONVERSATION FEBRUARY 11 WITH TIRTO UTOMO, PERTAMINA'S DEPUTY DIRECTOR FOR LEGAL AND FOREIGN MARKETING, INDICATED THAI-GOI CRUDE DEAL IS STILL VERY MUCH UP IN AIR. UTOMO TOLD EMBOFF THAT BASIC DECISION ON WHETHER TO GO AHEAD WITH CRUDE DEAL HAS NOT YET BEEN MADE, DESPITE RECENT SPATE OF PRESS ARTICLES INDICATING AGREEMENT HAS BEEN ARRANGED. ACCORDING TO UTOMO, THIA FOREIGN MINISTER PLANNING VISIT TO JAKARTA NEXT WEEK AND WILL MEET WITH MINES MINISTER SADLI FOR FURTHER DISCUSSIONS.

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2. UTOMO INDICATED THAT THIAS NOW INTERESTED IN WALIO CRUDE

(MIXED 34-37 API) PRODUCED IN IRIAN JAYA BY PETROMER TREND. PERTAMINA, HOWEVER, STILL AWAITING RESPONSE FROM THAI PETROLEUM BOARD OFFICIALS ON WHETHER BANGKOK REFINERIES CAN PROCESS THIS MIXED COMPOSITION, HIGHER POUR POINT CRUDE. QUNATITY REQUESTED IS ABOUT 20,000 B/D, BUT PERTAMINA HAS PROPOSED THIAS THAKE PHASED DELIVERIES BEGINNING WITH 5,000 B/D INITIALLY AND WORKING UP TO 15,000 B/D.

3. PRICE ISSUE ALSO UNRESLOVED. UTOMO SAID HE OFFERED THAIS STANDARD WALIO SELLING PRICE - -\$12.10 WITH "TERMINAL DISCOUNT" OF 10 CENTS PER BARREL. (COMMENT: THIS IS, IN EFFECT, FORM OF TRANSPORTATION SUBSIDY WHICH PERTAMINA HAS OFFERED TO OTHER CLIENTS.) UTOMO SAID PERTAMINA WOULD NOT OFFER "FRIENDSHIP PRICE" AND EXPLAINED ONLY WAY THIS COULD BE DONE WOULD BE BY HIGH LEVEL I.E., PRESIDENTIAL, DECISION. EMBOFF RECEIVED DISTINCT IMPRESSION THAT THATEVER INTEREST PERTAMINA MAY HAVE HAD INITIALLY TO OFFER DISCOUNT PRICES, HAS NOW LESSENEED GREATLY IN LIGHT OF THAI BARGAINING TACTICS. AS UTOMO PUT IT, "THEY DON'T NEED OUR CRUDE, THEY NEED STATEMENTS FOR THEIR NEWSPAPERS."
NEWSOM

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04 MAY 2006

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